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11 MAR 1985

The Honorable David A. Stockman
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Dave:

I have now had an opportunity to review the specific proposals to reform the federal retirement system by amending Title 5 of the U.S. Code. There are many aspects of the proposal that I fully endorse as necessary steps to reduce the costs involved in federal retirement systems. My responsibility as the Director of Central Intelligence, however, requires me to ask that employees of the Central Intelligence Agency be exempt from any reduction in annuities for retirement at ages prior to age 65. Moreover, I ask you to reconsider the recommendation that survivor benefits would not be payable if the beneficiary had not obtained age 60 or age 50 or if he or she has a surviving child of the employee.

I am sure you will agree that in these tense times our Nation's first line in defense is in intelligence. Recognizing this, in the past four years this Administration has improved immeasurably the intelligence capabilities of this government. It would be extremely unwise to threaten this achievement by severely reducing my ability to recruit and retain the caliber of individuals we have historically attracted.

I have read George Shultz' letter to you on this same subject and fully endorse everything he says as equally applicable to our employees. George has articulated clearly the management problems that will arise if we do not have the ability to move the right people into the right places at the right time. This requires a core of personnel who are prepared to go anywhere in the world as the national interest requires. Ultimately, it also means that we must move people into retirement so that we can prepare the next generation of intelligence officials. He notes that between the ages of 50 and 54 more than half the people in the Foreign Service are not available for worldwide duty because either the employee or a member of the family is unable to qualify for full medical clearance. Because of the unique demands placed on intelligence personnel, our figures are even more grim. We find that after age 50 nearly 50 percent of our employees are not eligible for full service medical clearances. Were we to include those who cannot travel due to family medical constraints, the figure would be even more stark.

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In addition to the purely clinical health hazards involved in worldwide service, Agency personnel are confronted with psychological stresses which over the long haul extract a health toll just as great. In addition to the subtle factors of cultural translocation and family disruption, there are not infrequently highly traumatic events. Scores of employees have been in prison, sometimes for years, or otherwise harassed when their Agency affiliation became known. Employees and their families confront the more diffuse crises associated with civil disorder, terrorism, and exceptionally high local crime rates. No person of comparable social background is subjected to even remotely comparable factors in the American suburban setting in which our employees otherwise would have remained.

You must also appreciate what the current worldwide epidemic of terrorism means in trying to manage an organization whose employees must daily confront this reality and who, because of their Agency affiliation, are particularly vulnerable. Since 1968, there have been over 8,500 terrorist incidents worldwide, over 3,500 of which were targetted against Americans. Regrettably, the end to this scourge is not yet in sight. Indeed, it is one of my most pressing responsibilities to help negate this menace. To do it I need a young and vigorous work force medically and psychologically able to handle the stress and sufficiently courageous to accept the obvious dangers involved. In this regard, I am particularly dismayed to note that while the annuity reduction would not apply to law enforcement officers, firefighters, or other special groups, it would apply to the Central Intelligence Agency. Surely, reality and reason would require that the Central Intelligence Agency, which has lost 50 of its colleagues in the line of duty, a figure which far exceeds our domestic counterparts, deserves at least equal treatment.

Several security considerations unique to our profession buttress further our need for a flow-through personnel system allowing for early retirement. Prolonged service in operational environments increases the risk of identification of our operatives to hostile intelligence, internal security, or terrorist organizations. Anonymity is a critical ingredient for a successful intelligence officer. Personal security inevitably erodes with time and new operatives must constantly be put into the system. To maintain balance in the personnel structure, older, more exposed individuals must be allowed to retire.

Proposed modifications in the retirement system also threaten the security of our sources and methods which I am obligated by law to protect. Ironically, the revised retirement proposals would cause our older employees who should leave, to stay, and our younger employees, who should stay, to leave. Our officer corps is recruited generally from the recent college

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graduate pool, roughly the 20 to 25 year-old age group. While it is to the Government's disadvantage to keep these people for 40 years for the reasons previously stated, it is equally disadvantageous from a security standpoint to permit them to leave our service in less than 20 to 30 years without an adequate retirement. Agency employees have access to highly classified information from the beginning of their employment. We have long recognized the inherent security risks to national security of a short-term, transient work force. Given the extraordinary sensitivity of our mission, we must have a career track which retains staff for a full career but promises them the early opportunity to retire.

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The Honorable David A. Stockman

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CIA is an excepted U.S. Government agency. As such, all employees are hired under the statutory authority of the Director and do not have Civil Service status through Agency employment. Consequently, CIA employees are statutorily excluded from tenure and from the protection and benefits derived by status under regular Civil Service laws and rules and regulations promulgated by the Office of Personnel Management. This is as it must be since the Director must have full and final authority to say when and where an employee will serve, at what duties and for how long. Congress and all administrations have historically recognized this authority. Indeed, Don Devine in his statement on February 23, 1984, before the House Committee on Post Office and Civil Service acknowledged:

> "We do have certain special groups of employees under Civil Service retirement, such as, law enforcement officers, firefighters, and air traffic controllers, as well as the persons covered by the Foreign Service and CIA retirement systems, for whom special arrangements may be necessary under the new plan similar to those under the current retirement system."

We have been successful over the years recruiting and retaining career-oriented employees dedicated to the mission of this Agency. Attrition rates among the lowest in the government, if not the Nation, attest to the existence of a healthy career organization. Fundamental to this, health has been the successful policy which recognizes burnout as a reality and allows our employees to retire early and with dignity.

I am confident you will agree that the critical mission of the Central Intelligence Agency fully justifies the need for its employees to retain their present retirement benefits. I therefore ask that Section 6 (a) of the proposed legislation be deleted and that Agency employees be added to the special groups exempted in parargraph (5) of Section 2.

Yours,

William J. Casey
Director of Central Intelligence

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